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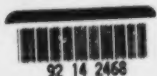
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of The Securities Exchange Act of 1934

For Quarter Ended March 31, 1992

Commission File Number 33-16416-LA

INTERNATIONAL META SYSTEMS, INC.

23842 Hawthorne Blvd., #200

Torrance, CA 90505

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

33-0146747

I.R.S. Employer
Identification Number

Registrant's telephone number, including area code: (310) 375-4700

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 12(g) 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐ (as of 12/31/91)

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INTERNATIONAL META SYSTEMS, INC.
("Company" or "Registrant")

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, \$.0001 Par Value -- 16,795,399 as of March 31, 1992.

PART I.

FINANCIAL INFORMATION

Item 1. Financial Statements

INTERNATIONAL META SYSTEMS, INC.
BALANCE SHEETS
March 31, 1992

	March 31, 1992 (unaudited)	December 31, 1991 (Audited)
ASSETS		
Current Assets		
Cash	\$ 310,527	\$ 6,519
Accounts Receivable	0	0
Inventory	356,489	407,416
less accumulated depreciation of \$50,927 (1992)		
Prepaid expenses	11,828	8,751
Other Receivable	<u>0</u>	<u>750,000</u>
Total Current Assets	\$ 678,844	\$1,172,686
Furniture and Equipment at cost less accumulated depreciation of \$16,530 (1992) and \$272,948 (1991)	\$ 81,826	\$ 62,568
Computer Software Costs, at cost, less accumulated amortization of \$30,892 (1992) and \$334,756 (1991)	\$1,090,685	\$1,023,274
Other Assets, at cost, less amortization of \$0 (1992) and \$9,751 (1991)	<u>\$ 159,426</u>	<u>\$ 159,426</u>
TOTAL ASSETS	<u>\$2,010,781</u> =====	<u>\$2,417,954</u> =====

INTERNATIONAL META SYSTEMS, INC.
BALANCE SHEETS
March 31, 1992

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

	March 31 <u>1992</u> (unaudited)	December 31 <u>1991</u> (Audited)
Current Liabilities		
Accounts Payable and	\$ 96,242	\$ 176,165
Accrued Expenses		
Notes Payable	105,184	234,185
Notes Payable-Related Party	<u>0</u>	<u>33,000</u>
Total Current Liabilities	\$ 201,426	\$ 443,350
Long Term Liabilities/Note Payable	<u>0</u>	<u>4,000</u>
	201,426	447,350
Commitments and Contingencies		
Shareholders' Equity		
Common stock \$.0001 par value,		
authorized 50,000,000 shares;		
issued and outstanding		
16,795,399 shares (1992)		
16,795,399 shares (1991)	\$ 1,680	\$ 1,680
Additional paid-in capital	3,811,955	3,811,955
Accumulated deficit	<u>(2,004,280)</u>	<u>(1,843,031)</u>
Total Shareholders' Equity	\$ <u>1,809,355</u>	\$ <u>1,970,604</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,010,781	\$2,417,954
	=====	=====

INTERNATIONAL META SYSTEMS, INC.
STATEMENT OF OPERATIONS
March 31, 1992

	Three Months Ended	
	March 31, 1992	March 31, 1991
Revenue		
Sales	\$ 0	\$ 50,000
Other	<u>0</u>	<u>1,275</u>
	0	51,275
Cost and Expenses		
Cost of goods sold	\$ 0	\$ 0
Research and development	81,737	51,661
Selling, general and administrative	<u>82,191</u>	<u>26,716</u>
	<u>163,928</u>	<u>78,377</u>
Loss from Operations	<u>163,928</u>	<u>27,102</u>
Other (income) expenses		
Interest income	\$ (4,537)	\$ (1,971)
Interest expense	1,858	4,174
Gain on Extinguishment of Debt	<u>0</u>	<u>(4,208)</u>
	<u>(2,679)</u>	<u>(2,005)</u>
NET LOSS	\$ <u>161,249</u>	\$ <u>25,097</u>
	=====	=====
Net loss per share	\$.01	\$.0015
	=====	=====
Weighted-average number of shares outstanding	16,421,347	15,972,275
	=====	=====

INTERNATIONAL META SYSTEMS, INC.
STATEMENTS OF CASH FLOWS
March 31, 1992

	Three Months Ended	
	March 31, 1992	March 31, 1991
Net Cash provided by (used) for Operating Activities	\$ 604,100	\$ (140,591)
Cash Flows from Investing Activities		
Capital expenditures - software costs	(98,303)	(26,290)
Capital expenditures - other	(35,788)	(997)
Net cash used in investing activities	(134,091)	(27,287)
Cash Flows from Financing Activities		
Proceeds from Short Term Borrowings	0	5,000
Principal payments on debt	(166,001)	(25,437)
Net cash (used) by financing activities	(166,001)	(20,437)
Net Increase (Decrease) in Cash and Cash Equivalents	304,008	(188,315)
Cash and Cash Equivalents at Beginning of Year	6,519	\$ 292,605
	=====	=====
Cash and Cash Equivalents at End of Period	\$ 310,527	\$ 104,290
	=====	=====
Non-Cash Items		
Purchase of Software	\$ 0	\$ 0
Stock Issued for Services		
	=====	=====

INTERNATIONAL META SYSTEMS, INC.
Notes to Financial Statements
March 31, 1992

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company continued to invest in the development of its microprocessor technology. Research and Development expenses increased 58% over first quarter expenses in 1991, primarily due to a focused effort to complete building the IMS 3250 Microprocessor.

Selling, General and Administrative expenses increased as a result of write downs in inventory values due to obsolescence.

The Company remains dependent upon outside financing in order to achieve continuing viability and ultimate success in the marketplace. The Company continues to operate in a development mode with curtailed marketing and sales activities, relying on development contracts to cover expenses. Cash flows from several proposed contracts would exceed projected expenses for this year, however, management cannot be assured that those contracts will be consummated. The Company continues to peruse other methods of financing to cover the circumstances where the proposed contracts are delayed or not successful. Such financing arrangements include joint venture, manufacturing licensing agreement and secondary financing to provide funds for continuing operations.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

There have been no changes in the rights, preferences or privileges of security holders.

Item 3. Defaults in Senior Securities.

There have been no defaults in any security issued by IMS.

Item 4. Submission of Matters to a Vote of Security Holders.

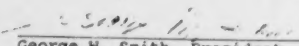
IMS will hold its annual Shareholders Meeting on September 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL META SYSTEMS, INC.

Date: May 13, 1992



George W. Smith, President, Chief
Executive Officer and Acting
Principal Financial Officer